

Austin Economic Development Corporation

Board Meeting 12/14/20

Status on Organization and Project Updates



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Q Partners

AEDC Inaugural Board Meeting

Agenda

- **Organizational Business**
 - Election of interim officers
 - Budget & Financial Report
- **Project Updates**
- **Discussion and possible action**
 - Q Partners contract
 - AEDC legal counsel procurement
 - AEDC search firm procurement
 - Creation of working committees
 - Establishment of bank account

Projects

Initial List

- **Start-Up and Organizational**
- **Cultural Trust**
 - “to support acquisition and preservation of cultural spaces within the City of Austin” – Resolution 20201001-055)
- **South Central Waterfront**
 - “public-private partnerships with private led development (such as the South Central Waterfront)”
- **Public Pipeline**
 - “manage economic development projects and support development of affordable housing, including the development of workforce housing”
- **Priority projects as directed by Council**



Projects: Summary of Value-Add

What is the “special sauce” here?

- **Aggregation of Contracts & Districts**
 - Example: Consolidating resources (i.e., starting a campfire vs. lighting candles)
 - Example: Multiple organizations vs. one
 - Operating expense efficiency and scale
- **Cross-Subsidy**
 - Some projects generate more revenue than cost (surplus)
 - At direction of City (annual contract), this surplus can be directed to other policy
 - This allows support for community development and inclusive growth projects
 - This includes creating feasibility for projects that do not cash flow on their own
 - Example: SCW revenues supporting HTU
- **Consultant & Broker Fees Saved**
 - “Bringing broker in-house”
 - Putting myself out of a job!
- **Swaps: Capital Dollars and Operating Revenue**
 - Cultural Trust: Bond vs. Rents

Funding Sources: Cost Neutral To Current Budget

AEDC creates an economy of scale for funding and staffing.

- **Existing Fund Balance:** Austin Industrial Development Corp
- **Budget Transfer from Existing EDD Personnel Budget**
 - Contract for Services to manage projects and establish the Cultural Trust
- **Contributed Income**
 - Foundation Capacity Building Grant – 3 Year
 - Philanthropic Donations (Including matching equity for cultural trust)
- **Real Estate Revenues**
 - Transaction fees for assisting with closing negotiations in projects
 - Real estate rents from tenants and asset management fees from Landlords
 - Trustee fees taken for managing conduit financing (as a % of issuance)

Task 1: Start-up and Organizational

Status Update

- **Master Contract:** Execute intergovernmental agreement with COA
 - To be executed annually
 - Milestone: Annual draft before Council February 18th
 - Status: Awaiting AEDC Counsel to be hired
- **Board of Directors**
 - Interim Board to meet monthly
 - Board nominees to be approved in February 2021 by Council
 - Full Board to meet monthly beginning March 2021
- **Staffing**
 - Chief Operating Officer (COO) & Chief Transactions Officer (CXO) to be hired by 3/2021
 - Executive search firm procurement underway
 - Later this meeting: discussion of approving search firm process
 - CEO to be hired by Fall 2021
- **Working Committees**
 - Advisory: SCW, Cultural Trust, Real Estate (Public Pipeline)
 - Board: Executive, Audit

Government & Community Relations

Outreach Plan through February 2021

- **Board of Directors - Monthly**
- **Council and Mayor – Monthly**
 - Next meetings scheduled for this week
- **Stakeholder Meetings**
 - Stakeholders' group created by Council and EDD
 - Met 2-4 times with each group Nov 2019 – March 2020
 - Group status update scheduled for Weds, Dec 16th
 - Monthly meetings thereafter in smaller or individual groups
 - Primarily this is the group that nominates Board members
- **Project Advisory**
 - Cultural Trust Advisory Committee – Bi-weekly starting January
 - SCWAB & SCW Advisory Committee - Monthly
 - Real Estate Advisory Committee - Monthly
- **Public Outreach**
 - ULI sponsored events in December and January
 - Seeking other public events at which to present

Task 2: Cultural Trust

Background: Cultural Trust is just a first step.

- **Austin's Cultural Needs**
 - Music, culture & iconic businesses
 - Affordable artist housing
 - Affordable artist workspace
 - Technical assistance (Including real estate support)
 - Incubation & shared services
 - Affordable space for public events, exhibitions, venues

- **Initial Goal of Cultural Trust:**
 - “to support acquisition and preservation of cultural spaces within the City of Austin”
– Resolution 20201001-055)

- **AEDC plans to propose additional measures for the Cultural Trust to address other Austin cultural needs. But this first step is targeted toward acquiring and preserving spaces.**

Task 2: Cultural Trust (2)

Background: AEDC Proposal/Recommendation

- **Initial Goal of Cultural Trust:**
 - “to support acquisition and preservation of cultural spaces within the City of Austin” – Resolution 20201001-055)

- **AEDC Consultant Recommendation Summary**
 - Use AEDC as broker and facilities manager to save City money
 - Leverage existing funds using AIDC or private debt
 - Create a competitive RFP to fund 6-10 organizations
 - Spaces would be owned by the City as permanent cultural infrastructure
 - Spaces would be leased to organizations at affordable rates
 - Organizations would have to provide an equity match for purchase
 - Organizations would have to demonstrate capability to make payments

Task 2: Cultural Trust (3)

Leveraging city contributions up to 10x

- Issue RFP
- Create pressure for deal-making
- Organizational Match
- Data Driven
- Permanent affordable infrastructure
- Public/Private Partnerships
- Utilization requirements
- Shared spaces and Coop where applicable



Task 2: Cultural Trust (4)

Status Update

■ Process

- Weekly task work meeting with City and consultants
- Bi-Weekly Advisory Board meeting

■ Tasks

- Market research on space market, asset market, current conditions of operators
- Validate financial model, including fund sources/uses and legal issues
- Seek additional support from philanthropy and impact capital
- Public outreach
- Creation & issuance of RFP

■ Outcomes

- Survey of interested cultural facilities in January
- Public info sessions: January, February, March
- **RFP released by March 1**

- Note: This is the first effort only of the Cultural Trust, as tasked by legislation. More efforts are needed to support the culture and music ecology of Austin.

Task 3: South Central Waterfront

Status Update

■ **Process**

- Weekly task work meeting with City (Planning, EDD) and consultants
- Seeking to add Finance to weekly meetings
- Bi-Monthly Advisory Board meeting (SCWAB + AEDC SC Advisory)

■ **Tasks**

- Evaluate previous analysis and precedent documents
- Investigate and validate there is an appropriate “but for” case
- Determine options for Statesman (with/without TIF)
- Determine policy outcomes (affordable housing, infrastructure) with/without TIF
- Engage as directed by Finance with outside market research & financial advisors
- Create master development agreement with AEDC-COA

■ **Outcomes**

- Recommendation for Statesman
- Feasibility recommendation for TIRZ
- Proposal for district management / MDA

Task 3: South Central Waterfront

Timeline

- Week of (“w/o”) Dec 14th: Council 1:1s
Stakeholder meetings
- December 21st: SCWAB Meeting
- January 25th: Council work session
- January 27th: Council Meeting
- February 4th: (Potential) TIRZ hearing
- February 18th: (Potential) Vote on TIRZ
(Potential) Vote on MDA with AEDC
- March: Statesman negotiation & infrastructure plan
- April-May: AEDC negotiations with individual landowners
- Feb-May 2021: Finance & Municipal Advisor Diligence
- May 2021: TIF Bond Vote

Task 4: Public Pipeline

Status Update

■ **Mandate**

- “manage economic development projects and support development of affordable housing, including the development of workforce housing”
- Support inclusive growth: affordable commercial space, music & cultural venues, iconic businesses, homelessness, early childhood education
- Act as a developer in the public interest. Seek opportunities to promote inclusive growth

■ **Process**

- Meet with other governments
- Initial list: AISD, ACC, CapMetro
- Discuss partnerships to promote inclusive growth
- Catalog publicly owned real estate (“public pipeline”)

■ **Tasks**

- Assemble list of real estate from all participating partners
- Evaluate availabilities, relocations
- Evaluate development potential (“soft sites”)

■ **Outcomes**

- GIS-based database showing all sites (February)
- Memo of potential projects to explore together (March)

Questions

Budget

Please refer to handout.

Items for Discussion

Discussion and Potential Action

The following items are presented for potential resolutions of the Board

- Q Partners contract
- AEDC legal counsel procurement
- AEDC search firm procurement
- Creation of working committees
- Establishment of bank account

Discussion: Q Partners Contract

A Board member must make a resolution if it is the sense of the body to move forward.

AEDC Staff is seeking approval to move forward with the Q Partners consulting contract to support the completion of the tasks discussed in this meeting.

AEDC Legal Counsel Procurement

Hiring our own legal support is critical path for moving forward

- **Process**

- We have worked with City Legal department to draft a procurement
- The RFP was released, with responses due Dec 16th (Weds)
- Preference is given for a firm located in Austin
- AEDC has created a committee to rank and review
- We would like to select and begin work before the end of year

- **Tasks**

- RFP released (Done)
- Committee review of responses (this week)
- Selection of firm
- Negotiation of contract

- **Outcomes**

- Begin work on the Master Contract with COA
- Move forward the final decision on Cultural Trust financing issues
- Support in the evaluation of the “but for” case for SCW financing

Discussion: Legal Counsel

A Board member must make a resolution if it is the sense of the body to move forward.

AEDC Staff is seeking approval to select a legal firm in December 2020 to represent us in discussions with the City through March 2021. At that time, this firm may be extended or replaced as General Counsel to AEDC.

Staffing & Search Firm Procurement

Organizational Chart: 3-Year Stabilized View

Red circles indicate roles for which we are hiring now. Yellow indicates shift from current COA staff.



Three Year Staffing Up Plan

Below, yellow highlights the first year each position is paid in the organization. After the first year of full employment, 5% raises assumed.

Staffing Worksheet <i>Austin Economic Development Corporation</i> 12/13/20 by Q Partners				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Chief Operating Officer	0.5	1	1.05	1.1025
Chief Transactions Officer (CXO)	0.5	1	1	1.05
President / CEO	Loan of EDD Staff	0.5	1	1.05
IIF Manager (Executive Director, AIDC)			1	1.05
Executive Assistant	Loan of EDD Staff		0.5	1
Chief Financial Officer			0.25	1
Chief of Staff	Transfer of EDD Staff		0.5	1
Asset Management Head			0.25	1
Financial Analyst				0.5
Associate, Transactions				0.25
Associate, Asset Management				0.25
Planning Manager				0.25
General Counsel				0.25
Press Agent / PR				0.25
Associate, Government & Community Relations				0.75



Additional Notes:

In the first year, the CEO will be temporarily filled by City of Austin's EDD Director. The primary work will be done by the COO and Transactions Manager – with the CEO filling the temporary role only until a national search has been successful to fill the full-time permanent CEO position.

Discussion: Search Firm

A Board member must make a resolution if it is the sense of the body to move forward.

AEDC Staff is seeking approval
to select a search firm for the
COO and CXO positions in order
to hire these positions by March 2021.

26 Firms Reviewed

7 Firms on Short List

Working Committees

Discussion: Working Committees

A Board member must make a resolution if it is the sense of the body to move forward.

AEDC Staff is seeking approval to create working committees for South Central Waterfront, Cultural Trust, and Real Estate (to support the public pipeline).

Bank Account

Discussion: Bank Account

A Board member must make a resolution if it is the sense of the body to move forward.

AEDC Staff is seeking approval to pursue such actions necessary to create a bank account.